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DIPLOMATIC RELATIONS BETWEEN FRANCE AND THE REPUBLIC OF TEXAS, 1836-1845*

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I

NEGOTIATIONS FOR RECOGNITION AND FOR A COMMERCIAL TREATY

On March 2, 1836, the people of Texas, through their delegates, assembled in convention at Washington, Texas, declared themselves a "free, sovereign and independent Republic," fully invested with all the rights and attributes which properly belong to independent nations. A constitution was framed and adopted on March 17, 1836. The next natural step was to secure the recognition of Texas as an independent nation by the civilized governments of the world.

During the presidency of General Houston, J. P. Henderson was sent by the Texan government as a commissioner to Paris and London to obtain recognition of Texas.¹ He arrived in Paris March 23, 1838.² On April 28, the French government was officially notified of his arrival, and General Henderson asked Count Molé, French Minister of Foreign Affairs, for a date on which he could pay his respects. From what he was able to learn

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¹Bancroft, *North Mexican States and Texas*, II, 338.

²Henderson to Molé, May 26, 1838. Garrison, *Diplomatic Correspondence of Texas*, in *Annual Report of the American Historical Association*, 1908, II, 1206.

from the best informed sources, Henderson did not think that he would be able to obtain recognition for Texas, unless the difficulties then approaching a crisis between France and Mexico should make it advantageous to France to take such a step.³ Hence he did not press for an answer until the 26th of May, when he learned through newspaper reports that the French were blockading the Mexican ports. Seizing this opportune moment, Henderson addressed a note to Count Molé asking for an inter-

³In 1827, France made a provisional arrangement for a treaty of amity with Mexico which granted to French citizens in Mexico "most favored nation" privileges. Various unsuccessful efforts were made to get the Mexican government to conclude the treaty. Certain French citizens in Mexico had claims against the government for damages. Among these was a baker whose shop had been sacked in 1828 by a Mexican mob. The Mexican government took no decisive steps to settle these claims. In 1838 France's patience became exhausted, and on January 16, 1838, the French representative at Mexico, Baron Deffaudis, decided to withdraw. He instructed French citizens in Mexico to make an invoice of their goods, as this would be of use in forming the basis of a damage claim in the event of the destruction of their property. In March a French squadron arrived in Mexican waters. On March 21, Deffaudis gave an ultimatum to the Mexican government. It demanded the payment by May 15, at Vera Cruz, of \$600,000 for the settlement of the damage claims of French citizens. The Mexican government, moreover, was not to obstruct the payment of certain loans due to Frenchmen which did not happen to be listed in these claims. Certain Mexican officials charged with having connections with outrages against Frenchmen were to be removed. Frenchmen were to be exempt from forced contributions and were not to be excluded from retail trading without proper indemnity. The Mexican government was given until April 15 to make a reply, but failed to give a satisfactory answer. On April 16, diplomatic relations were suspended, and a blockade was declared on Mexican ports. In October Rear-Admiral Baudin arrived at Vera Cruz with additional ships and power to make a settlement with Mexico. On November 17, he held a conference at Jalapa with Cuevas, Minister of Foreign Affairs, but as he could obtain no satisfactory terms, he left Jalapa, and decided that unless his terms (which were in the main like those of the ultimatum) were accepted by November 27, hostilities should be begun. The Chambers of the Mexican congress refused to terms of Baudin. On November 27, the French squadron bombarded San Juan de Ulua, which fell on November 28. As the blockade worked a hardship on British trade, Pakenham, the English Minister to Mexico, offered mediation, and on March 9, 1839, a convention and treaty between France and Mexico were signed by which Mexico agreed to pay \$600,000 in six months for the settlement of French claims prior to November 26, 1838, and to give French citizens the same rights as were held by citizens of the most favored nations. (A. Debidour, *Histoire Diplomatique de L'Europe*, I, 360.) Indemnity for Mexican vessels which had been taken by the French, and the payment of compensation to expelled Frenchmen were to be referred to arbitration. San Juan de Ulua was to be restored to the Mexicans after the ratification of the treaty. (Bancroft, *History of Mexico*, V, 186-205.)

view.⁴ He did not think it proper to argue the justness of Texas' claims to recognition, but merely reminded Molé that the United States had recognized Texas as an independent nation and had treated her as such for twelve months.

In reply to Henderson's note of May 26, Molé invited Henderson to a meeting at nine o'clock, May 31. At the appointed time the two met, but Molé declined to receive Henderson as the "Accredited Agent of Texas," since "such an act might be regarded as a partial recognition of her independence." Henderson assured Molé that he would not so consider his reception, but at the same time he showed Molé his credentials, and the latter consented to hear what he had to say. As the interpreter could not speak French well enough to satisfy Henderson, he begged to submit his statement to Molé in writing. To this Molé agreed, and a long letter from Henderson on June 1, set forth the reasons why Texas was entitled to recognition.

To show that Texas was an independent nation *de jure* as well as *de facto*, it was necessary to go into a short sketch of the settlement of the country and of the causes which led Texas to declare herself independent of Mexico. The first settlement of Texas by the existing inhabitants was made by Stephen F. Austin in 1821, under a grant given to Moses Austin by the King of Spain. Little progress was made before Mexico revolted from Spain. In the years 1823, 1824 and 1825, special colonization laws were passed to induce foreigners to come to Texas.⁵ In 1824 Mexico established a federal republican form of government. The provinces of Coahuila and Texas were united as an independent state of the federation.

When Texas obtained a "requisite number" of inhabitants, she was, under the terms of the union, to become a separate state with all the rights and privileges of the other states. In 1833, said Henderson, Texas attained the "requisite number" of inhabitants, and a convention was called, which adopted a petition to the general congress of Mexico, asking for a separate state organization; the petition was not only disregarded, but the agent sent to advo-

⁴Henderson to Molé, April 26, 1838. Garrison, *Diplomatic Correspondence of Texas*, III, 1207-1208.

⁵For copies of these laws, see Gammel, *Laws of Texas*, I, 27-30, 33-40, 40-46.

cate it was thrown into prison. This action was followed by Santa Anna's usurpation and the overthrow of the constitution of 1824. Santa Anna then set up a central military government. Texas and Coahuila were among the states which remonstrated against this tyrannical action. Santa Anna, thereupon, sent General Cos to compel obedience to his authority. This roused the people of Texas to arms. In November, 1835, they held a consultation, in which they expressed their intention of restoring the constitution of 1824, and appealed to the rest of Mexico to aid them. After initial success at the Alamo and Goliad Santa Anna was defeated at San Jacinto, April 21, 1836, and a few days later was captured. On May 14 he signed a treaty agreeing that the remainder of the Mexican army should be withdrawn from Texas, and that he should use his influence to secure from the government a recognition of Texas' independence, which had been declared on March 2. The Mexican government had refused to recognize Santa Anna's treaty, and declared its determination to suppress the insurrection in Texas, but two years had elapsed and no serious efforts had been made to invade Texas.

From this historical statement Henderson passed to a discussion of the ability of Texas to maintain its independence and of the advantages which France would derive from a treaty with his country. He claimed that while Mexico had exhausted herself by internal revolutions, and had proved faithless to her own citizens and to her "engagements with foreign nations," Texas had increased "in population and wealth." Out of an area of two hundred million acres, only thirty million acres had been settled. The rest remained the domain of the State, and when sold would yield a large revenue.

France would gain many advantages by a recognition of Texas and a commercial treaty with her. Texan land was well adapted to the cultivation of cotton. Owing to the high tariff of the United States this cotton would have to seek manufacturers abroad. Sugar, rice, indigo, and tobacco could be grown very advantageously. Texas could never be a manufacturing country, and it would be necessary to admit French wines, silks, and fine cotton goods on very favorable terms. Texas also produced extensive naval supplies. Immediately after her separation from Mexico, Texas, it was true, had wished to join the United States,

but the overtures of Texas had been rejected. Since that time she had begun to feel herself secure against Mexico, and no longer desired annexation, because the people of Texas, being essentially interested in agriculture, would, if they became a part of the United States, be oppressed by the protective tariff of that country. The United States had, however, recognized Texas. Henderson declared that Texas was in a position similar to that of France in the July Revolution to which Louis Phillipe owed his throne. In conclusion, he said that he hoped that "the spirit which prompted her own glorious revolution would induce His Majesty's Government to take the initiative in the recognition of a Republic desirous of forming political and commercial relations with this great and polished nation."⁶

Early in August, 1838, France had established a successful blockade of the Mexican ports. On the Atlantic side, Mexican commerce was in dire straits, and there were attempts to smuggle goods into Mexico through Texan ports. This was a matter of great concern to Texas, for France might consider such evasions due to the connivance of the Texas government and extend the blockade to Texan ports. This would inflict a great injury upon the "flourishing prospects" of Texas as it would cut off commercial intercourse with the United States.⁷ Therefore, on September 7, 1838, Irion, the Texan Secretary of State, wrote to Henderson: "The President desires you to convey to the French Government his request that they will extend the operation of their fleet to the coast of Texas as far as may become necessary to prevent the evasion of their blockade of the ports of Mexico."⁸

Henderson looked upon the question in a different light. As a basis of the Texan claim for recognition, he had set forth "her ability to maintain her independence, unaided by other nations." He considered that such a request from the Texan government would be tantamount to saying that Texas was not able to defend herself against Mexican aggression and asked aid. He was strengthened in his opinion by newspaper reports of an occurrence at Corpus Christi. A small Mexican force had seized that port,

⁶Henderson to Molé, June 1, 1838. *Ibid.*, 1208-1216.

⁷Irion to Henderson, August 7, 1838. *Ibid.*, 1217-1218.

⁸Irion to Henderson, September 7, 1838. *Ibid.*, 1219.

but upon the approach of a Texas force had sailed for Matamoras.⁹ Hence he decided not to transmit the president's request to the French government unless he received further instruction. However, if Molé asked him for permission to extend the operation of the French fleet to prevent the evasion of the blockade through Corpus Christi, Henderson said that he had decided to inform him that Texas had "no objection to their doing so," that the port was in a region which was not occupied by the Texans, was remote from her frontier settlements, and that the recent Mexican occupation had not been regarded as in the least degree "important" to her peace and safety.¹⁰

Henderson believed that unless there was a commencement of hostilities between France and Mexico, Texas had only a small chance of recognition. About the middle of August it was rumored in Paris that France was willing to compromise with Mexico. Fearing that this might be true, he again urged the Texan claims to recognition. Further grounds for these claims were shown in the embarrassment of Mexico, in her foreign and domestic relations, as contrasted with the prosperity of Texas, due to her increase in population.¹¹ The existing government of Texas had stood the test of independence for three years, with small chance of being conquered. Texas had already for eighteen months enjoyed recognition from the United States. To hasten the French action on the question of recognition, Henderson intimated to Molé that he had soon to leave France on another mission.¹²

In reply to this note Molé granted Henderson a conference, and

⁹The *Telegraph and Texas Register* of August 25, 1838, seems to show that Corpus Christi was held for a short time in the latter half of 1838 by a small band of Mexicans. It says that "there had only been twenty-five Mexican soldiers at Corpus Christi; they had returned to Matamoras in a light craft with the flour and other supplies and were beyond any pursuing force." The same paper of September 8, 1838, states that "Colonel Morehouse has just arrived from the west. He states that the party of Mexicans that recently visited Corpus Christi left in a very precipitate manner and have left about a hundred barrels of flour upon the beach at that place."

¹⁰Henderson to Irion, October, 1838. *Ibid.*, 1227-1230.

¹¹The financial statement of Texas' debt and revenue, pages 225-226, below, does not seem to substantiate Henderson's argument as to the prosperity of Texas.

¹²Henderson to Molé, September 26, 1838, enclosed in Henderson to Irion, October 5, 1838. Garrison, *Diplomatic Correspondence of Texas*, III, 1221-1222.

informed him that Alphonse de Saligny, one of the secretaries to the French minister at Washington, had gone to Texas to look over the resources of the Republic, and to make a report, and that the government could take no definite steps until this was received.¹³ At the same time Henderson told him that although England had not formally recognized Texas, still she had the subject under consideration, and had entered into a commercial agreement which would open direct trade with Texas. Molé then asked when Henderson expected to leave France, and Henderson replied that while his official instructions permitted him to leave at his discretion, he was willing to stay all winter, if it was likely that France would grant recognition or enter into a commercial agreement similar to the one made with Great Britain. However, he wished to leave by the last of November, if there was no chance of France's action on the requests of Texas. Molé thought it would be impossible to get a report from the agent in two months. This seemed to Henderson to indicate that France would lay much stress on Saligny's report.¹⁴

On October 1, 1838, Henderson put forward the proposal for a commercial treaty with France in a more formal manner. By the rules of international law, said Henderson, a neutral country had the right to form trade relations with a revolted state, prior to its recognition by the government to which it had formerly belonged. A similar arrangement to that which he now proposed to make with the government of France existed between the government of the United States and Texas previous to the recognition of the independence of the latter by the former. Texas had now, however, been recognized and treated as an independent nation by the government of the United States for more than eighteen months. The main question that faced France, then, was whether it was expedient for her to make such a treaty. Hen-

¹³"This report did not reach France until late in the next year." (Garrison, *Diplomatic Correspondence of Texas*, III, 1830.) Hamilton says in a letter to Lamar, dated August 1, 1839, that Saligny set sail for Europe about ten days prior to August 1, 1839, after his visit to Texas, in a "French Corvette." (Hamilton to Lamar, August 1, 1839. Garrison, *Diplomatic Correspondence of Texas*, II, 468.) His report is not available, but was probably favorable, as France later recognized Texas, partly on the strength of it. (Kennedy, *Texas*, II, 346.)

¹⁴Henderson to Irion, October 5, 1838. Garrison, *Diplomatic Correspondence of Texas*, III, 1220-1227.

derson again pointed out the advantages France would gain by such a treaty. Although rich in land, Texas by her natural condition could never be a manufacturing country. The people of Texas had to seek their manufactured goods elsewhere. They were compelled to pay high prices for articles of French manufacture brought into Texas through the United States, with which Texas had established commercial relations. Texas cotton, the best in North America, except Sea Island cotton, would be forced to seek a market in Europe because the United States put an import duty of "three cents per pound" upon it. Henderson proposed that France should permit Texan vessels and cargoes to enter French ports upon terms compatible with the French laws and acceptable to the pleasure of the King, and Texas in return would admit French vessels upon the same terms as those of the most favored nation.¹⁵

In addition to the want of proper foreign commercial relations, Texans suffered inconvenience in obtaining passports from England to France. The French minister could grant passports only to French and English citizens. All others must obtain passports from their own ministers. But Texas not being yet recognized, had no minister. In July, 1838, several Texans in England desired to visit Paris, and applied to General Henderson for aid. He obtained, through Count Molé, permission for the French minister at London to issue passports to Texans until Texas should be officially recognized by France.¹⁶

On November 2, Henderson was encouraged by a note from Molé proposing a commercial arrangement such as Henderson had previously suggested. He enclosed a draft which he said would be satisfactory to the French government, and which ran as follows: "Until the mutual relations of France and Texas are regulated in a complete and definite manner, the citizens, the vessels and the merchandise of the two Countries shall enjoy in every respect in each of the Countries the treatment accorded, or which may eventually be accorded to the most favored Nation, conforma-

¹⁵Henderson to Molé, October 1, 1838, enclosed in Henderson to Irion, October 5, 1838. *Ibid.*, 1220-1227.

¹⁶Henderson to Irion, October 15, 1838. *Ibid.*, 1227.

bly moreover to the Respective Usages.”¹⁷ Henderson thought that the arrangement was very satisfactory, and having plenary power, under his instructions, accepted it. Texas was not as yet recognized as an independent nation, he pointed out in notifying his government, still this arrangement was based “on the National existence of Texas.” It was more favorable than the arrangement made with Great Britain, which still considered Texas as a part of Mexico, while in this one “Texas was regarded as a nation and its authorities as a government.”

By November 12, Henderson had been notified by Anson Jones, minister plenipotentiary of the Republic of Texas at Washington, of the formal withdrawal of the application of Texas for admission into the Union of the United States.¹⁸ In reporting this action to the French government, Henderson thought it desirable to explain the “apparent inconsistency” of having applied for recognition as an independent nation while seeking at the same time admission to the United States. The vote on annexation was taken soon after the declaration of independence. Texas considered that if admitted she would gain several advantages. War would be stopped and her citizens could continue peaceful occupations. After the refusal of the Texan application by the United States, events soon occurred which convinced Texas that she had the elements necessary to an independent nation. Among the considerations which brought about this change of sentiment were, on the one hand, the embarrassed situation of the treasury of Mexico, and, on the other, the rapid increase of the population of Texas. Moreover, the people of Texas saw the disadvantages of a high protective tariff which would accrue to them in case of union

¹⁷Henderson to Molé, November 2, 1838, enclosed in Henderson to Irion, November 12, 1838. *Ibid.*, 1233-1237.

¹⁸On the first Monday of September, 1836, the first election of officers of the Republic of Texas took place under the new Constitution. At the same time the people were asked to express their opinion on the question of annexation to the United States. At the polls only ninety-one votes were cast against annexation. As a result of this vote, Hunt, the Texan minister at Washington, made a formal proposition on August 4, 1837, for the annexation of Texas to the United States. This offer was rejected by the United States. On October 12, 1838, Anson Jones in behalf of the Texan government notified the United States government “of the formal and absolute withdrawal of the proposition for the annexation of Texas to the United States.” (Jones to Vail, October 12, 1838, 25th Congress, 3d Sess., House Document No. 2, page 33.)

with the United States. Texas had considered the matter closed since the rejection of its application, but, through an oversight, had failed to notify the United States of that fact.¹⁹ What impression this made on Molé we are not told.

In January, 1839, the King asked Marshal Soult to form a new cabinet, but to retain Molé in the cabinet.²⁰ This was gratifying to Henderson, as he believed that Molé was favorable to Texas. Soult, however, had as yet declined to enter into a coalition with any of the old cabinet, and the issue was uncertain. In the end Molé was not retained.²¹

At the close of February news came that Mexico had issued letters of marque, which aggravated the friction between France and Mexico. The question of recognition seemed now to hang on the daily expected report of the French agent to Texas. Henderson was sure the King understood the question, and was ready to favor recognition should the report be favorable.²²

It is necessary now to turn and notice a negotiation between Admiral Baudin and the Texan government. The French consul at New Orleans reported to Baudin, the French naval commander in the Gulf of Mexico, certain statements which were "represented to be the official, though informal expression" of President Lamar upon "the impending contest between France and Mexico."²³ Baudin, thereupon, on April 18, 1839, sent the abbé M. B. Anduze to find out the position which Lamar would take in case of a war between France and Mexico. He was to get the answer of the president to three questions: "First, what would be the nature and extent of the co-operation of Texas with France in case of a war between France and Mexico? Second, how much would Texas demand in money and munitions in case of such co-operation?

¹⁹Henderson to Irion, November 12, 1838. *Ibid.*, 1233-1237.

²⁰The presidents of the "Council" in the French government from 1836-1848 were as follows: Thiers, February 22, 1836, to September 6, 1836. Molé (with Guizot), September 6, 1836, to April 15, 1837. Molé (without Guizot), April 15, 1837, to March 31, 1839. Girod, March 31, 1839, to May 12, 1839. Soult, May 12, 1839, to March 1, 1840. Thiers, March 1, 1840, to October 29, 1840. Soult (with Guizot), October 29, 1840, to September 19, 1847. Leban, *Modern France*, 467.

²¹Henderson to Bee, March 10, 1839. Garrison, *Dip. Cor. Tex.*, III, 1244.

²²Henderson to Bee, February 27, 1839. *Ibid.*, 1242.

²³Data are not available showing exactly what the statements of Lamar were, or when they were made.

Third, what kind of guarantees would Texas make to France for the reimbursement of France for the advances thus made?"²⁴ To these questions Webb, secretary of state, could give no specific answer. He said that the president had declared that the communication made to Admiral Baudin by the French consul at New Orleans "was not authorized by him," but the feelings which called forth that communication accorded with the feelings of the Texas government at that time. Subsequently, however, the situation had changed. France had "given peace to Mexico," and Texas had sent "a messenger with the offer of peace to that nation (Mexico)."²⁵ If, However, Mexico should violate her agreement with France and reject the peace offer of Texas, Texas was willing to offer co-operation to punish Mexico, and would not cease until Mexico was willing to propose an honorable and advantageous peace. Texas would be willing to unite with France and furnish 20,000 men. In such case, France would be asked to furnish money and supplies necessary to carry on the war.²⁶

Turning back now to the negotiations in France: Early in June, Henderson obtained an introduction to Baron Pontois, French minister to the United States, who had recently arrived in Paris on a leave of absence. Pontois talked freely and said that Saligny had left Texas, he believed, before the first of May, and that he was to deliver his report in person. Pontois expressed his own belief that the claim of Texas for recognition was well founded, and that the King ought to recognize Texas. In a conversation with the King after his return to France, Pontois told him that he thought that "he would be obliged to recognize Texas in common justice." Pontois assured Henderson that the King received this advice "kindly." Henderson considered that Pon-

²⁴Anduze to Lamar, April 18, 1839. *Ibid.*, 1244-1245.

²⁵On August 9, 1839, James Treat was appointed as a "Private and Confidential Agent" of the Texas Government to Mexico to find out "the disposition of the Mexican Government in regard to a negotiation of a peace between the two nations, and, if practicable, to prepare the initiatory arrangements for such a negotiation." The principal points of the negotiation were to be the unconditional acknowledgment of the absolute independence of Texas, the boundary of Texas, and the consideration to be paid for the boundary. (Burnet to Treat, August 9, 1839. *First Biennial Report of the Texas Library and Historical Commission, Secret Journals of the Senate*, 156-158.) The mission failed.

²⁶Webb to Admiral Baudin, April 25, 1839. Garrison, *Dip. Cor. Tex.*, III, 1246-1247.

tois's opinion would have considerable weight with the King, as his recent position had enabled him to get a closer view of the Texas situation than any other French official.²⁷

At about this same time General James Hamilton, of South Carolina, who distinguished himself by his interest in Texas, and who, with Albert T. Burnley, had been commissioned to carry on loan negotiations for Texas, was writing from Philadelphia for authority to use \$50,000 in *douceurs* to hasten French recognition.²⁸ He and Burnley were expecting to sail for Europe immediately, and Hamilton said frankly that the money would probably be spent before he received a reply from Texas. French recognition was so essential to the floatation of the loan and would have such an influence on British recognition that he thought precipitate action justified. This fund was to be spent with the concurrence of Henderson.²⁹ The president of Texas did not feel himself authorized to sanction the advances asked for by Hamilton, but notified Hamilton that he believed that whatever expenses were "profitably incurred" in getting early recognition of Texas would be sanctioned by congress.³⁰

Fortunately Hamilton's plan was not necessary. On July 16, Henderson dined with Marshall Soult, who had finally succeeded in forming a cabinet, and came away with the conviction that recognition was determined upon. Soult admitted that he had received Saligny's report a few days before and that Saligny was expected shortly in Paris. He said, however, that he himself would be too busy to consider the matter until after the adjournment of the Chambers. Henderson hinted that Pontois might be commissioned to negotiate with him, and to this Soult agreed. At the same time Henderson seized the opportunity to recapitulate some of the arguments for recognizing Texas. France could expect little from Mexico in the way of trade so long as England possessed there the influence that she did. The recent punishment given by France to Mexico would not soon be forgotten, and

²⁷Henderson to Secretary of State (Burnet), June 13, 1839. *Ibid.*, 1352-1354.

²⁸The loan negotiations of Hamilton and Burnley will be discussed later.

²⁹Hamilton and Burnley to Burnet, June 22, 1839. Garrison, *Dip. Cor. Tex.*, III, 1254-1255.

³⁰Burnet to Hamilton, August 10, 1839. *Ibid.*, 1268.

would only add to the English influence. Texas, on the other hand, would be more willing to favor the French than the English, as she looked on the latter as a protector of Mexico. The commercial agreement recently made with France was not likely to fully satisfy Texas, as Texas had no consuls in the French ports to look after the interests of her merchants. She would send her cargoes, rather, to the United States, where her merchants would feel more secure, even though the trade would be less profitable. Henderson wanted to expand the commercial agreement made with Molé into a formal treaty.

Two days later Henderson called on Pontois. Pontois had not yet been officially authorized to conduct the negotiations, but consented to an informal discussion. He noticed that Henderson's credentials were signed by Houston, who was no longer president of Texas. Henderson had previously written to the Department of State for new credentials, but they had not reached him. He, therefore, sought to evade this obstacle. He admitted that in a monarchical form of government it was necessary for the new sovereign to recommission the ministers appointed by the preceding sovereign, since in a monarchical form of government the minister represented the person of the sovereign. In a republican government, however, the people, who are the sovereign power, never die, and hence there is no change of sovereignty. The ministers of Texas did not come under the monarchical rule and, therefore, continued in the exercise of their duties until removed by the president. Pontois "expressed himself entirely satisfied on that point, but observed that he should feel himself bound nevertheless to mention the circumstances to the Minister of Foreign Affairs."

Pontois mentioned the question of slavery as a possible source of friction. Henderson explained that the constitution of Texas prohibited, directly or indirectly, traffic in slaves. No slaves could be brought into the Republic except through the United States, and such persons must have been slaves under its laws. The United States prohibited its citizens from importing slaves. Hence the number of slaves could not be increased, although their geographical position might be changed. Internal slavery in Texas was a question of domestic policy, and not of concern to foreign nations.

Pontois suggested that France would probably make a treaty of amity and commerce, and in the same act recognize Texas as an independent nation. Henderson preferred for "the King to recognize Texas as an independent nation first," in order that he "might enter upon the negotiations with France as the representative of an equal power." Otherwise it might seem that Texas had entered into the treaty under restraint, and had given up privileges which she would not have otherwise done. On this point Pontois was silent. He then turned to the content of the treaty. His government would probably ask, he said, that French wines and silks be allowed to enter Texas on the same terms that they entered the United States. French silks, according to Henderson, were free from duty in the United States, and wines paid only a nominal duty.³¹ Henderson thought he would be compelled to agree to some reduction of the duties imposed in Texas upon French wines and silks, but he would try to get in return a like reduction by France of the duties on Texas cotton.³²

In the latter part of August, 1839, the French showed a tendency to delay the completion of the negotiations. This was due to the belief of the French that General Hamilton, who had just arrived in England, carried instructions which would enable Henderson to grant more favorable terms to them. In an informal conversation with Pontois and Henderson, Saligny, who had now arrived in Paris, said that he knew that Henderson could accede to the French demand, as the president of Texas had told him that Texas was very anxious to obtain a treaty and could grant "such and such favors." He expressed the belief that Hamilton was bringing new instructions which would authorize the concessions France demanded, and said that he had that day written to Hamilton, in London, urging him to come to Paris immediately. Henderson was much vexed at Saligny's interference, but contented himself with saying that he knew Hamilton bore no new instructions.

³¹By the tariff act of March 2, 1833, silks were put on the free list in the United States after December 31, 1833. (Tariff Acts, 61st Congress, 2nd Session, *House Document* 671, 110.) By the act of July 4, 1836, the duties on wines imported into the United States were to be reduced one-half, after July 30, 1836. (*Ibid.*, 114.)

³²Henderson to Secretary of State (Burnet), August 5, 1839. Garrison, *Dip. Cor. Tex.*, III, 1267.

Pontois insisted upon a reduction of the tariff upon French brandies and "Paris Articles," such as shoes and hats. Henderson objected to this demand, not only on the ground that it would injure the revenue of Texas, but also on the ground that the reduction made on French wines was "a sufficient *quid* for the *quo*" in the concession which the French government had made on Texas cotton. Henderson objected to the reduction of the duty on brandies on both moral and financial grounds. Pontois argued that any treaty which "did not do something for the French brandies would be unpopular with the Chambers because that interest is strongly represented there." Henderson then concluded to lower the duties on French brandies one-fifth; but Pontois was still unwilling to close up the negotiations definitely until Hamilton arrived from England.³³

At the outset of the negotiations, France had agreed to lower the duty on Texas cotton one-fourth with an equivalent reduction by Texas in her tariff in favor of French wines, two-fifths, on French silks, one-half, and on French brandies, one-fifth. After Hamilton's arrival Pontois laid great stress on the advantage which recognition would give him in selling Texas bonds. He withdrew the concession to Texas cotton, but insisted on retaining the corresponding privileges that Henderson had allowed French products. General Henderson held a firm ground at first, and said that the negotiations must begin again *de novo*. Finally, however, on the urgent advice of Hamilton, Henderson yielded to the French demands rather than delay the matter until he could write home for the advice of the president.³⁴

The treaty was signed September 25, 1839. It contains twenty articles and three "Additional Articles."³⁵ The following are among the most important articles of the treaty: The citizens of each country were guaranteed "reciprocally the same rights, priv-

³³Henderson to Burnet, August 20, 1838. *Ibid.*, 1268-1270.

³⁴Henderson to Secretary of State (Burnet), October 16, 1839. *Ibid.*, 1271-1275.

³⁵The original treaty was written in French and English in parallel columns. It is not known just when this treaty reached Texas. There is a beautiful copy of the treaty in the State Archives, which was given to the government of Texas at the exchange of ratifications. This copy is very elaborate and is bound in blue velvet, and accompanied by a beautiful French seal.

ileges, and exemptions" of the most favored nation. In case of war by one of the contracting parties with a third power, the neutral contracting power was not to issue letters of marque. The flag was to cover the goods, and citizens of the enemy on neutral vessels were not to be seized unless "actually engaged in the service of the enemy." Furthermore, in case of war by one of the contracting parties, the other was to have freedom of commerce, except contraband of war to the warring nation's ports, except those under actual blockade. Each of the two powers established a consular system in the ports of the other, possessing the usual consular rights and duties, as privacy of the archives, right of internal police of commercial vessels, and the duty of assistance in the capture of deserters. The vessels of each country in the coastal waters of the other were to pay only such tonnage duties as were paid by the vessels of the respective countries. Texas cotton on entering French ports was to pay a duty of twenty francs per one hundred kilograms. French manufactured articles, whose chief constituent was silk, were to enter Texas ports at one-half duty. French wines were to enter at a two-fifths rate, and French brandies at one-fifth. The treaty was to be ratified within eight months.

Besides the twenty regular articles of the treaty there were three "Additional Articles" added to enable Texas "to conceal from other nations that she has consented to require any other qualification for her vessels than that of being owned by a Texas citizen, so that they may not be induced to require a similar qualification." France, at first, insisted that for a vessel to be national it was necessary that it should be built in the country to which it belonged, and that three-fourths of the crew should be citizens of that country. Henderson threatened to break off negotiations if the French pressed this point. Seeing that that would probably be the result, they agreed to the modification as found in the "Additional Articles." Henderson thought that the Texans would do most of the carrying between France and Texas as the French vessels were too large for the Texas ports, and also the French lacked the enterprise to compete with American vessels.³⁶ The three "Additional Articles" were as follows: The first defined a Texas vessel as one that was the *bona fide* exclusive property of Texas citizens of two

³⁶Henderson to Secretary of State (Burnet), October 16, 1839. Garrison, *Dip. Cor. Tex.*, 1271-1275.

years residence, and, of which, the captain and two-thirds of the crew were *bona fide* citizens of Texas. The second article provided that should the Republic of Texas reduce the existing duty on silk goods, it would maintain at least a difference of ten per cent between those manufactured in countries beyond the Cape of Good Hope and similar goods of other countries, in favor of the latter countries. The last article provided that the "Additional Articles" were to be in force for eight years. On October 2, 1839, the ratification of the treaty was signed by Soult and King Louis Phillipe. On January 14, 1840, the Texas Senate ratified the treaty, and two days later President Lamar affixed the official seal of the Republic.

II.

LOAN NEGOTIATIONS

We shall now turn to the financial relations between France and Texas, noticing the financial condition of Texas, the loan laws passed by the Texan government and the early operations which took place under them. An idea of the financial condition of the republic may be obtained from *Gouge's Fiscal History of Texas*, whose figures are accurate enough for illustration.³⁷

³⁷Gouge, *Fiscal History of Texas*, 270-275.

Since the paper was written Professor E. T. Miller's *Financial History of Texas* has been published by the University of Texas. His figures (page 391) vary somewhat from those given by Gouge and are more reliable. They are as follows:

Revenues

1836-1838	\$260,780
1839	187,791
1840	453,235
1841	442,635

Public Debt

1838	\$1,886,425
1839	3,855,900
1840	6,241,409
1841	7,446,740

Treasury Note Circulation

1838	\$ 684,069
1839	2,013,762
1840	3,287,962
1841	2,920,860

Revenues of the Republic:

September 30, 1837-September 30, 1838.....	\$ 248,815.87
September 30, 1838-September 30, 1839.....	182,930.28
September 30, 1839-September 30, 1840.....	460,671.86
September 30, 1840-September 30, 1841.....	442,635.67

Grand total\$1,335,053.68

The debt of the Republic was approximately as follows:

September 30, 1838.....	\$1,886,525.32
September 30, 1839.....	3,102,083.35
September 30, 1840.....	5,485,502.28
September 30, 1841.....	7,704,328.17

One of the means by which the Republic sought to relieve its financial strain was by the issuance of paper money. The probable amounts in circulation were as follows:³⁸

September 30, 1838.....	\$684,069.59
November 3, 1838.....	812,454.00
September 30, 1839.....	2,013,762.55
September 30, 1840.....	3,287,962.42
September 30, 1841.....	4,381,004.64

According to Gouge the probable value received by the government for its notes was as follows:³⁹

July, 1838-November, 1838.....	80 cents in the dollar
November, 1838-March, 1839.....	60 cents in the dollar
March, 1839-July, 1839.....	50 cents in the dollar
July, 1839-November, 1839.....	33 $\frac{1}{3}$ cents in the dollar
November, 1839-March, 1840.....	25 cents in the dollar
March, 1840-June, 1840.....	20 cents in the dollar
After June, 1840.....	16 $\frac{2}{3}$ cents in the dollar

The quickest way to put the Republic's finances on a sound basis

³⁸Gouge, *Fiscal History of Texas*, 269.

³⁹*Ibid.*, 269.

appeared to be to obtain a loan. To this end a series of loan laws were passed. On May 16, 1838, a law was passed "to negotiate a loan on the lands of the government not to exceed five millions of dollars."⁴⁰ The president was authorized to issue bonds in the name of the Republic for such sums as would suit the purchasers of them. The bonds were to bear an interest of ten per cent, and two million dollars worth of them were to be redeemable at the government's option at any time between five and thirty years. To negotiate the sale of the bonds, the president was authorized to appoint, with the approval of the senate, two commissioners who should have the power to dispose of the bonds "either within the United States or Europe," and were to be subject to his instructions. The commissioners were to have the power to stipulate in the bonds that the holders could use them in payment for public lands in Texas.

The commissioners were to contract "with the Bank of the United States of Pennsylvania (if practicable), if not, with the Manhattan Bank of New York, or the Union Bank of Louisiana," to act as the fiscal agents of the Republic for all operations within the state in which such banks were located, and by their agents in other states of the United States of America and also in Europe. Any money which should be deposited in these banks was to be subject to the sight draft of the president, countersigned by the secretary of the treasury. The secretary of the treasury was to make a report to each congress of the sales of the bonds and the disposition of the funds. For the interest and final redemption of the bonds, the public faith of the Republic was pledged.⁴¹

By the act of January 22, 1839, in case the five million dollar loan or any part of it should be negotiated by the act of May 16, 1838, a general pledge of the faith and credit of the Republic was given for the payment of the interest and redemption of the principal of the proposed loan.⁴² As additional security there was to be set aside annually as much of the revenue of the Republic as

⁴⁰This act is similar to the law of November 18, 1836, authorizing a loan of five million dollars. See Gammel, *Laws of Texas*, I, 1092-1093.

⁴¹Gammel, *Laws of Texas*, I, 1484-1487.

⁴²This act was a supplement to the act of May 16, 1838, previously described.

should be necessary to meet the semi-annual interest on any of the bonds that might be issued. Whenever it appeared expedient to sell any of the public lands of Texas, the sum of \$300,000 was to be set aside annually to form a sinking fund for the ultimate redemption of the loan. This was to be continued until "with the interest accruing and accumulating on the same, a sum shall be raised equal to the said five million dollars or any part thereof which may have been negotiated."⁴³

By the loan act of January 14, 1840, the secretary of state, secretary of the treasury, and the first auditor of the Republic were appointed commissioners of the sinking fund provided for by the act of January 22, 1839. The secretary of the treasury was to pay over to the commissioners yearly \$300,000 in two installments of \$150,000 each, on May 1, and November 1, to buy up the 10 per cent bonds of the \$5,000,000 loan, in case such bonds should be sold. If the market value of the bonds reached 50 per cent premium "beyond par value," the government of Texas was to have the option to pay the holders "par value and said premium" and cancel them.⁴⁴

With a picture of the condition of the Republic and a summary of the most important loan laws in mind, we shall now notice the efforts of the Republic to negotiate a loan with France. In the beginning, it may be said that no loan was ever made under any of these laws. In pursuance of the act of May 16, 1838, S. M. Williams and Albert T. Burnley were nominated on May 21, 1838, by the president, as commissioners of the "Five Million Dollar Loan."⁴⁵ The nomination of Williams was rejected by the senate some time before May 24, 1838 (the exact date is not given in available information), at which time the Adjourned Session terminated. Information is not available showing exactly when Burnley left the United States for Europe. A letter from Bee to Lipscomb says Burnley was to sail for Europe by April 21, 1840.⁴⁶ After his appointment and until his departure for Europe, Burnley seems to have been carrying on negotiations in the United

⁴³Gammel, *Laws of Texas*, II, 62-63.

⁴⁴*Ibid.*, II, 239-233.

⁴⁵*First Biennial Report of the Texas Library and Historical Commission (Secret Journals of the Senate)*, 110.

⁴⁶Bee to Lipscomb, April 21, 1840. Garrison, *Dip. Cor. Tex.*, I, 447.

States. By January, 1841, we find him in Europe assisting Hamilton.⁴⁷ In February, 1841, Burnley returned to Texas to assist in bringing about peace between Texas and Mexico.⁴⁸

On December 24, 1838, General Hamilton was nominated by the president as "Commissioner of Loans" to fill the place made vacant by the rejection of Williams. Two days later the senate confirmed the appointment.⁴⁹ General Hamilton was a citizen of the United States and a resident of South Carolina. He took an interest in the struggle of Texas against Mexico, as "he believed that the regenerating principles of free trade and civilization were at issue in her fortunes."⁵⁰ Because "he had sacrificed his personal pursuits and domestic enjoyments, and advanced his money freely for Texas," Hamilton was made a citizen of the Republic by special resolution of congress.⁵¹ Hamilton became associated with Burnley. They were to try first to secure money in the United States, and if none could be obtained there they were to go to Europe. The United States had gone through a financial panic in 1837 and the banks of that country were not in a condition to handle the Texas loan. Therefore, Europe appeared to be the only open field. As a result, Hamilton set sail for Europe in 1839 arrived in England in August and then proceeded to Paris.⁵² There he aided General Henderson in securing the treaty of amity, commerce, and navigation with France, which has already been discussed. Hamilton believed that the success of the loan project was closely bound up with the treaty projects and depended upon its success. Indeed, France seemed to offer bright prospects for a loan. From the various semi-official conversations which Saligny had had in Texas with the secretary of state, A. S. Lipscomb, it had appeared that for a fair equivalent France might not be "unwilling to give something like a moral guarantee or security for the final redemption" of the Texas bonds. Saligny

⁴⁷Hamilton to Lamar, January 4, 1841. Garrison, *Dip. Cor. Tex.*, III, 926-929.

⁴⁸Burnley to Burnet, February 21, 1841. *Ibid.*, III, 931-937.

⁴⁹*First Biennial Report of the Texas Library and Historical Commission* (*Secret Journals of the Senate*), 119-120.

⁵⁰Kennedy, *Texas*, II, 347.

⁵¹*Ibid.*, 347.

⁵²Hamilton to Lamar, August 1, 1839. Garrison, *Dip. Cor. Tex.*, II, 468. Also, Dunlap to Burnet, August 12, 1839. *Ibid.*, I, 415.

hinted that this fair equivalent might be in the form of advantageous commercial arrangements which would enable France to supply "the Mexican trade with her manufactures through the ports of Texas." The secretary of state instructed Hamilton to inform the French government, if such appeared to be a "favorite object" with them, that part of the loan would be spent in strengthening the frontier of Texas by a line of posts from the mouth of the Rio Grande to Santa Fé. This would protect French commercial enterprises and enable French capitalists to "force their goods into the rich province of Coahuila." Furthermore, Lipscomb intimated that French manufactures, which were subject to a high tariff in the United States, might, perhaps, reach that country more cheaply through the ports of Texas by smuggling.⁵³

Hamilton made no progress in his negotiations during 1839 and 1840. In January, 1841, news arrived by the steamer Halifax from New York that Mexico and Texas had commenced hostilities. Thinking that Texas was really going to war again, Hamilton entered into negotiations with the French government for the purpose of inducing it to guarantee the loan. He considered that France ought to render Texas some financial assistance in return for what the Republic had done for "French Industry and Commerce" by the treaty of 1839.

At the time of the formation of the treaty of September 25, 1839, Marshall Soult had intimated to General Hamilton that the French government would appreciate the courtesy of allowing French wines, brandies and silks to enter Texas ports by "favorable discriminations." In return, the French government, according to Soult, would aid Hamilton in securing the loan for Texas with which he was charged. In the treaty of 1839 French wines were placed on the free list, while brandies and silks were permitted to enter Texas at half duty. In a letter to Guizot January 21, 1841, Hamilton said that he had hoped to gain the loan without calling on the French government for aid, but the condition of the money market in Europe made it impracticable to secure a loan without such assistance. Therefore, if the concessions already given to France were not a "sufficient equivalent," what further concessions would be asked of Texas as a "just com-

⁵³Lipscomb to Hamilton, February 24, 1840. *Ibid.*, III, 1276-1277.

pensation" for a guarantee of the Texan bonds? For the guarantee Texas was willing to offer as security "a territory as large as the Kingdom of France and the good faith of the law-abiding and debt-paying people." Hamilton argued that as soon as the currency of Texas was placed on a sound basis, which he claimed would be affected by the negotiations of the loan with which he was charged, the Republic's revenues would be sufficient to pay its naval, military and civil expenses, the interest on the proposed loan, and "constitute a permanent and accumulating sinking fund for the redemption of the principal." In conclusion, Hamilton reminded Guizot of the possibilities of the development of an enormous trade with the citizens of Texas and northern Mexico, which would be made possible by the "moderate imports" of the Republic.⁵⁴

Hamilton hoped to have a "definite agreement" with Lafitte and Company by February 12, 1841. The company had taken up the loan question with much earnestness, and wished to take the loan if there appeared a fair chance of selling the bonds, or their own certificates founded upon them. The ministry of France was likewise carrying on negotiations with Hamilton, and the time spent in the consideration of his proposals showed the value which it placed on them.⁵⁵ On February 4, 1841, Hamilton concluded a contract with the bank of J. Lafitte and Company of Paris for the Texas loan.⁵⁶

With such apparently bright prospects before him, pointing to a successful completion of the loan, Hamilton was suddenly thwarted by some unfortunate occurrences in Texas. In February, 1841, Saligny, who had come to Texas in the interest of the French government prior to the treaty of 1839, and, who had become the chargé d'affaires of France after the treaty, became involved in a quarrel with an Austin inn-keeper, Bullock by name.

⁵⁴Hamilton to Guizot, January 21, 1841. *Ibid.*, III, 1285-1286.

⁵⁵Hamilton to Lipscomb, February 7, 1841. *Ibid.*, III, 1287.

⁵⁶In a letter to Lipscomb of March 3, Hamilton told the secretary of state he hoped to get the French government to guarantee the loan as that would be worth between 2 and 3 millions to the Government of Texas." He thought that it would be probably July before any of the loan would be available in New York, as it would take a month for Lafitte and Company to complete negotiations and another month for them to get out certificates of stock on the security of Texas bonds. (Hamilton to Lipscomb, March 3, 1841. *Ibid.*, III, 1302.)

The trouble began by Bullock's attacking Monsieur Pluyette, a member of Saligny's legation, and was subsequently aggravated by a visit from Bullock's pigs to Saligny's stables, where they consumed corn intended for the legation horses. A servant killed the pigs, and Bullock thrashed the servant. Saligny demanded the summary punishment of Bullock, and the government ordered a judicial investigation to that end. Saligny was unwilling to await the slow redress of such procedure, and chose to make an international incident of the affair. At the end of March he suspended intercourse with the government, but remained in Texas. In May the Texan government, through its chargé in Paris, protested against his longer residence in the Republic. Guizot was inclined to take the side of the peppery diplomat, and for a time showed a decided coolness toward Texan affairs. In the meantime, Saligny had withdrawn to New Orleans. After Houston's inauguration in December, 1841, steps were taken to resume relations with Saligny and he was induced to return to his post in the spring of 1842.⁵⁷

We shall now see what effect this controversy had on the loan negotiations in Paris. Saligny was a brother-in-law of the French minister of finance. Hence that department would naturally be influenced by the insults which Saligny believed he had suffered. By the middle of May, 1841, the loan had received a check, but Hamilton thought that he would be able to straighten the tangle by a visit to the King at Paris. Unless the minister of finance absolutely refused to permit the sale of the bonds to the bank, Hamilton believed that Lafitte was resolved to carry the loan "triumphantly through."⁵⁸

On May 14, 1841, Lafitte and Company advertised the loan in Paris newspapers, informing the public that they had taken it upon themselves to issue a loan of "37 millions of Francs" to the Texan government. According to article X of their agreement the contract was formed with "a formal assurance given by the Texan Envoy that he had obtained the consent or admission of the French Government to the above Loan and a further assurance that the said Government will facilitate with its moral aid the

⁵⁷Mayfield to Saligny, March 29, 1841. *Ibid.*, III, 1308-1316. Also, Mayfield to McIntosh, May 12, 1841. *Ibid.*, III, 1323-1328.

⁵⁸Hamilton to Lamar, May 17, 1841. *Ibid.*, III, 1336-1337.

negotiation of the said Loan," of which assurances the Texas envoy had given to them "documentary proof."⁵⁹

The French press, in general, opposed the Texan loan project. The following are statements taken from *La France* of June 9, 1841, in regard to the loan:

But in the midst of the crises which besiege the country, anticipating ourselves the necessity of a loan when commerce and public credit are paralyzed by disastrous failures, is it not a duty on the part of the press really devoted to the welfare of our country, to forewarn the public against the consequences which would result from such speculations? [After an exposition of the public debt of Texas, the journal says:] The President in his message to congress on November 1, 1840, says: "Five years ago the population [of Texas] was scarcely 40,000 souls, but since that time it has quadrupled." That is to say, six months ago, the Texans, Indians and slaves amounted to 160,000 souls! It is, then, upon this population that the weight of the enormous debt will rest; namely, in principal, at the rate of 39 dollars per head; an interest at the rate of 6 per cent (2 dollars, 35 cents) per head on women, children, old men and slaves. Looking at the moral guarantee of the debt, who would rely on the fidelity of the Texans to fulfill their obligations? Ought we to adopt, as an example of their fidelity, their rebellious conduct towards Mexico? or the punctuality with which they have discharged the interest on their debts—interest which we have shown has never been paid? or still more, in the offer made to France of "exclusive privileges," bound as they are by a treaty with Great Britain, who will assuredly not suffer the slightest infraction of her conditions?

In fine, if it should turn out that General Hamilton should accomplish his object and effect a loan, who would believe that the money would be employed in developing the resources of Texas? We here again refer to the message of the President delivered in January last—a message which announces that "Mexico is making preparations to reconquer Texas"—a fact confirmed by the Mexican envoy here, and recently inserted in the Paris journals. Is it not, we ask, for the purpose of defending themselves against this threatened attack that the Texans require the loan they are anxious to obtain from the French capitalists?

But we hope we have succeeded in putting public credulity on its guard against the sinister and mystifying efforts thus incessantly employed to entrap the unsuspecting.⁶⁰

⁵⁹(Enclosure) Hamilton to Lamar, May 17, 1841. *Ibid.*, III, 1337. Copy of this agreement is not available.

⁶⁰Quoted in Maillard, *History of Texas*, 399-403.

On June 14, 1841, there appeared another article in *La Presse* of which the following are extracts:

The loan, says the prospectus, is destined to the execution of the old debts of Texas, which are represented by the bonds issued during the war with Mexico, and by a debt contracted with the United States bank. In consequence of these dispositions the liquidation of the Mexican debt ought, in reality, to turn to the advantage of the English, who hold the securities. This is a result that ought necessarily to follow the act of mediation of the 14th of November, 1840, between Mexico and Texas, interposed at the instance of the British government. This act stipulates, in effect, that "if the republic of Texas shall obtain, through the mediation of her Britanic Majesty, an armistice and a treaty of peace with Mexico, she will consent to charge herself with one million sterling (25,000,000 francs) of the foreign debt contracted by the republic of Mexico."

The destination of the money demanded by M. Lafitte of the French capitalists is thus fixed by the document just cited, the result of which is, that the loan to be raised in Paris will be turned to the benefit of our excellent allies, the English.

So in reality . . . the Texan Government will receive only 440 francs net for every obligation of 1,000 francs; in other words, less than a majority! Is not this the act of a child that deserves punishment?

The prospectus is indited in the most seductive terms, and does not disdain to employ a falsehood for the purpose of having it believed that the risk of the lender is reduced to 50 per cent., and that the redemption of the capital and interest is, during the first five years completely protected against all casualties.

It is false that the risk of the lenders is reduced to fifty per cent.

We say to those of whom the money is solicited that the risk is upon the whole sum subscribed, and that the payment of the interest and capital is not secured for five years.⁶¹

To many of the Texans, it did not appear that a loan would materially assist them but would rather involve them in financial embarrassment beyond redemption, as is shown by the following extracts from the newspapers of the day:

General Hamilton, one of the loan commissioners to negotiate the five million dollar loan arrived in Austin about a week since and is still with us—the principal object of his visit is to procure an alteration in the loan act. Many of us who came here highly prejudiced against this gentleman and almost prepared to vote

⁶¹Quoted in Maillard, *History of Texas*, 404-409.

for a repeal of all laws authorizing negotiation of loans have since hearing a disclosure of his views and plans have been fully convinced of the indispensable necessity of procuring the loan at an early period as possible.⁶²

Another remedy from which much appears to be hoped by many of our citizens is the \$5,000,000 loan. It is true by this means we may purchase a short respite from our present difficulty, but it will be so temporary and fleeting in its effects that it deserves not the name of relief. It is more injurious than the original evil. The obtaining of this loan will increase the burdens already borne by the people without materially benefiting them.⁶³

Texan bonds are selling in New Orleans and elsewhere for from 15 to 17 cents on the dollar. We say is it at all probable that any capitalist will be so weak as to advance his money at 80 cents on the dollar—when he can obtain that which is equally good in New Orleans for 17? We consider it worse than folly any longer to look for relief to the five million loan.⁶⁴

Some doubted the wisdom of the loan even after the public announcement by General Hamilton that he had completed the negotiations of it with Lafitte and Company. The editor of the *Austin City Gazette* said that whether the loan proved “the weal or the bane of Texas will depend in a great measure on the use or abuse that is made of it. It is this latter that we dread. We are afraid that Congress has been so long used to ‘Texas Red Backs’ that the members have forgotten the actual value of money.”⁶⁵

Speaking of the terms of the loan the *Colorado Gazette and Advertiser*⁶⁶ said: “We predict—that the terms of the loan—will be regarded, by all who do not hope to get a grab at the proceeds, as grinding and likely to be of much permanent injury to the country.”

From May, 1841, to August, 1842, no progress was made in France with the loan project. Hamilton was recalled January 26, 1842, as the law authorizing the \$5,000,000 loan was repealed January 12, 1842.⁶⁷ He sailed from Liverpool for the United States on September 20, 1842, and was in Boston by October 5, 1842.⁶⁸ Ashbel Smith was appointed chargé d'affaires to France

⁶²*Colorado Gazette and Advertiser*, January 18, 1840.

⁶³*Austin City Gazette*, July 29, 1840.

⁶⁴*Telegraph and Texas Register*, October 14, 1840.

⁶⁵*Austin City Gazette*, April 21, 1841.

⁶⁶June 26, 1841.

⁶⁷Garrison, *Dip. Cor. Tex.*, III, 943.

⁶⁸Hamilton to Jones, October 5, 1842. *Ibid.*, III, 1025.

February 3, 1842.⁶⁹ Smith was recalled in June, 1845.⁷⁰ On August 15, 1842, the French government was asked by the Texan government to join the United States and Great Britain in a triple intervention to bring about peace between Texas and Mexico.⁷¹ By the latter part of October, 1842, it appeared to Ashbel Smith that mediation with Mexico was impossible. He presumed that Mexico was intending to make an attack on Texas "in the ensuing spring, if not earlier." If such were her plans, Smith considered that Texas would need ships and munitions of war, which could only be secured "with money." To get the money "in the way of an ordinary loan" seemed impossible. Texan bonds needed the guarantee of some European government to make them salable. To get this guarantee Texas seemed to have only one available instrument in her possession, namely, commercial privileges. Smith believed that France would guarantee the Texan bonds on condition that French manufactured articles were allowed to enter Texan ports at a low rate of duty for a number of years, or until the loan was redeemed. He suggested that certain specified articles of French manufacture be allowed to enter the Texas ports at about one-third the rate of the "custom house duties," and payable in the same currency and on the same terms as were paid by the manufactures of other nations. Special concessions might be granted to French emigrants. Count Cramayel, French chargé d'affaires to Texas, considered that the plan was feasible.⁷² Smith decided to lay the plan before the French government with the understanding that it should be carried into effect or dropped according to the instructions which he should receive from his government.⁷³

President Houston did not think that Smith's plan would be

⁶⁹*The First Biennial Report of the Texas Library and Historical Commission (Secret Journals of the Senate)*, 220.

⁷⁰Garrison, *Dip. Cor. Tex.*, III, 1198.

⁷¹Smith to Guizot, August 15, 1842, enclosed in Smith to Jones, August 31, 1842. *Ibid.*, III, 1385. This plan fell through, as Great Britain refused to join it. Chapter IV of this paper will take up the various mediation efforts to bring about peace between Texas and Mexico.

⁷²Towards the end of 1842, Saligny was succeeded by Cramayel. Cramayel held the position of French chargé d'affaires for about two years, and was in turn succeeded by Saligny, who occupied the post until Texas was annexed to the United States. (Garrison, *Dip. Cor. Tex.*, II, 32.)

⁷³Smith to Jones, October 21, 1842. *Ibid.*, III, 1389-1390.

acceptable to the Texan government, as he did not believe that it would be willing to extend such privileges to any nation. However, he was willing to pledge a sufficient amount of the public lands of Texas as security to France for the ultimate redemption of the bonds, which might be guaranteed by her. According to Terrell, acting secretary of state, the president had, by now (December 10, 1842), "in a great measure, lost confidence in the success of almost any proposition which should be made . . . having in view the obtainment of the loan." However, if France would guarantee the bonds to the amount of one million dollars upon the terms which have just been mentioned, or, if any French capitalists were willing to make a loan on similar terms, send an agent to Texas "clothed with full powers to conclude such a contract," and "to draw for the money immediately," the president was willing to take immediate action.⁷⁴

On December 26, 1842, Smith was authorized to treat with France for a guarantee of the loan, and to stipulate to France such commercial privileges as would be "a just equivalent for such a guarantee." Texas was desirous of obtaining the privilege of introducing her cotton into France at a low rate of duty for a number of years, as this would stimulate the growth of the staple in Texas. On the other hand, there was no objection to allowing French wines to enter the Republic's ports free of duty, if France was willing to grant her a corresponding equivalent concession.⁷⁵

The probable chances of getting a French guarantee of the Texan bonds were given another blow by a proclamation that President Houston issued on December 21, 1842, in which he revoked General Lamar's proclamation of February 11, 1840. Houston's proclamation was to take effect February 15, 1843. On February 11, 1840, President Lamar had issued instructions, in accordance with "An Act altering several acts to raise a Revenue by Impost Duties" of February 5, 1840, that the duties on "all wines" of French product, imported in Texan or French vessels were to be abolished and were to be admitted into Texas ports "free of duty" until his proclamation should be revoked by the president.^{75a} Houston revoked Lamar's proclamation "as neither

⁷⁴Terrell to Smith, December 10, 1842. *Ibid.*, III, 1403-1404.

⁷⁵Jones to Smith, December 26, 1842. *Ibid.*, III, 1407-1409.

^{75a}Gammel, *Laws of Texas*, II, 662.

propriety, policy nor a just regard due to the rights of our citizens" required its continuance.⁷⁶ Cramayel protested against Houston's proclamation. He doubted whether the time was opportune for such an act which was so little favorable to French commerce, and especially at a time when France had just tried to give Texas new proofs of her friendship by her efforts to bring about peace between Texas and Mexico.⁷⁷ The motives of the new measure as explained by the president did not seem conclusive to Cramayel. According to his view, the introduction of French wines into Texas had for its principal object the increasing of commerce between France and Texas through the opening of an easy market to her goods, and the furnishing of the Texas market with a great number of articles which her people had been forced to buy through the United States at a higher price. Furthermore, he declared that French commerce with Texas had had a wonderful development up to the existing date (January 16, 1843), and asked whether it would be a prudent thing for Texas to hinder its development by tariffs and arbitrary restriction. Cramayel complained of the shortness of the time before the proclamation of General Houston went into effect. He claimed that according to constant usage it was customary to fix the time proportionate to the distance. Hence, it would be unjust to commerce to commence the enforcement of Houston's proclamation on February 15, 1843, as he was of the opinion that three French ships were already on their way to Texas, and others were preparing to leave for her ports. The new proclamation was unknown to them, and it would be contrary to the customs of civilized nations to make them come under this rule. Cramayel thought that it would be better to postpone the enforcement of the proclamation until it had been officially proclaimed in France through the diplomatic or consular agents of Texas, and French commerce was legally thought to have knowledge of it.⁷⁸ In response to this, he was told that Texas was willing to enter into a new treaty with France by which French wines

⁷⁶Gammel, *Laws of Texas*, II, 878.

⁷⁷The efforts of France to bring about peace between Texas and Mexico will be discussed in Chapter IV.

⁷⁸Cramayel to Jones, January 16, 1843. Garrison, *Dip. Cor. Tex.*, III, 1413-1415.

would come in free, if she were given a "corresponding immunity." In order to show the spirit of friendship and justice towards France, any of her vessels that had sailed to Texas in ignorance of the proclamation of December 21, 1842, would receive such relief as the conditions should require.

Cramayel does not seem to have been very highly pleased with Texas. In his dispatches to his government, he spoke of Texas "with bitterness," and was "decidedly hostile to the negotiation of any loan for Texas, in France." He considered Houston's proclamation as an unfriendly act. In face of the adverse opinion of both Saligny and Cramayel, France was not willing to sanction the Texas loan. By the close of March, 1843, there appeared to Smith little chance of obtaining French aid "on any conditions." He believed that the best thing to do in France was to "let the subject die as quietly as possible." It did not seem that an attempt to establish commercial relations would bring about any important results. Smith considered that it would be better to reserve for future negotiations the free introduction of French wines into Texas, and the "right of transit" of their merchandise than to put them up to France for anything that she might offer in exchange.⁷⁹

On February 19, 1843, the French government was officially notified of the proclamation of December 21, 1842. Guizot, Minister of Foreign Affairs, said that it was imprinted "with a hostile character of retroactivity."⁸⁰ According to Smith, by the middle of April, 1843, the obtainment of a French guarantee to the Texas loan was "utterly impossible," as they "considered the revocation of the Proclamation of the 11th of February, 1840, as having been occasioned by their refusal to guarantee the Texian Loan, which General Hamilton was charged to negotiate."⁸¹

In a letter to the secretary of state (dated Paris, June 28, 1843), W. H. Daingerfield, Texas chargé d'affaires to Netherlands, said that his former position of secretary of the treasury of the Republic had induced some of the friends of Texas in France to approach him on the subject of a million dollar loan.⁸²

⁷⁹Smith to Jones, March 31, 1843. *Ibid.*, III, 1427-1429.

⁸⁰Guizot to Smith, February 28, 1843. *Ibid.*, III, 1434.

⁸¹Smith to Jones, April 11, 1843. *Ibid.*, III, 1432.

⁸²Daingerfield's nomination as chargé d'affaires to the Netherlands was

Daingerfield replied "very frankly" that there was at that time no legislative sanction for a loan "in Europe," and that Texas was not "in the market as a borrower."⁸³ However, Daingerfield assured those who approached him on the subject that, if they would submit their propositions to him on their own initiative, he would be willing to lay them before his government, if he could be "fully satisfied" of the ability and good faith of the proposed negotiations.⁸⁴

Having traced the unfruitful efforts of Hamilton, Burnley and Smith to obtain a loan from the French government or through its sanction of Texan bonds, we shall now notice the equally unsuccessful attempt of Alexandre Bourgeois d'Orvanne to secure a loan for Texas. Bourgeois was a French citizen and was primarily interested in the colonization of Texas.⁸⁵ On June 11, 1842, the Texan government concluded a contract with Bourgeois for the negotiation of a million dollar loan under the loan act of January 22, 1839. This contract has not been found as yet, but from his letter to the president of Texas of July 8, 1844, we learn of his efforts to secure a loan of one million dollars in France, England, Holland and Belgium. In England, Bourgeois met with "a dangerous and systematic resistance," due to the fact that prominent bankers were interested in the Mexican debt. In Holland, the same reason did not exist, but still the government did not consider it advisable to enter into any financial arrangements with Texas. The French government was not inclined to make Texas a loan after the episode of General Hamilton with Lafitte and Company.

The news of the armistice between Texas and Mexico in 1843 produced a favorable impression in Europe. Still anxious to show Texas his interest in her prosperity, Bourgeois entered into negotiations with Charles de Castell about the million dollar sent to the senate by the president December 20, 1843 (*First Biennial Report of the Texas Library and Historical Commission, Secret Journals of the Senate*), 281. His nomination was confirmed February 3, 1844. (*Ibid.*, 300.)

⁸³The repeal of the loan laws is discussed in a latter installment of this paper.

⁸⁴Daingerfield to Jones, June 28, 1843. Garrison, *Dip. Cor. Tex.*, III, 1457.

⁸⁵Bourgeois' colonization work is discussed in a later installment of this paper.

loan. Castell was acting for a German colonization association. The association wished to add three additions to Bourgeois' contract: (1) A land concession for six thousand families in a fertile region favorably situated for commerce, (2) the right of importing \$200,000 worth of goods per year for ten years, (3) the power of the consul general to receive directly from the collector of customs at Galveston the sums necessary to pay the interest on the loan before other expenses were paid. The details of the negotiation are obscure. Bourgeois, however, failed to secure the loan. On March 26, 1844, he was officially notified that his contract had expired by limitation and had been annulled. On January 27, 1844, an act was passed "that all laws authorizing the President to negotiate a loan or loans upon either the public faith or the hypothecation of the public lands be, and the same are hereby repealed, and that this article take effect from and after its passage."⁸⁷ Bourgeois regretted the loss of "the fruit of so much labor and expense," but still if Texas wished to get a loan at a later date, he expressed his willingness to take up the negotiations again.⁸⁸

(Continued.)

⁸⁷Gammel, *Laws of Texas*, II, 954.

⁸⁸Bourgeois to the President of the Republic of Texas, July 8, 1844, *Financial Papers*, State Library.